



July 8, 2011

An Open Letter to the United States Congress: Support the “One Percent Solution” to our National Debt!

Dear Member of Congress:

On behalf of the 362,000 members of the National Taxpayers Union (NTU), I urge you to support the “One Percent Spending Reduction Act of 2011.” Introduced as H.R. 1848 by Representative Mack and as S. 1316 by Senator Enzi, this legislation would reduce non-interest federal spending by one-percent per year for the next six years with the aim of achieving a balanced budget by 2019.

After decades of fiscal mismanagement our federal government is on a crash course - not only with the \$14.3 trillion debt ceiling, but with eventual insolvency. Under the most likely scenario, the Congressional Budget Office predicts that public debt as a share of Gross Domestic Product (GDP) would test levels typically associated with fiscal crises by 2020, would exceed its historical peak of 109 percent by 2025, and would reach an unfathomable 185 percent in 2035.

To steer America away from this reckless path NTU and a broad coalition of concerned organizations have rallied behind the “Cut, Cap, and Balance” approach. We believe it is only through immediate and substantial cuts to government spending, enforceable statutory spending caps that work toward sustainability and a Balanced Budget Amendment to the Constitution to more permanently reconcile receipts and expenditures, that America can put its fiscal house back in order.

By gradually bringing federal spending down to 18 percent of GDP and then maintaining that level every year thereafter, the One Percent Spending Reduction Act seamlessly fits within the goals of Cut, Cap and Balance. This bill would make cuts - the equivalent of one cent of every dollar spent - each year for six years. This elegantly simple solution would steadily reduce outlays from \$3.382 trillion in 2012 to \$3.184 trillion in 2017 before capping spending at 18 percent of GDP, thereby bringing it in line with annual revenue averages.

Furthermore, if Congress is unable to curb its spending habits to fit within the strictures of the given statutory caps, the Office of Management and Budget would be tasked with issuing across-the-board cuts to maintain the proper direction toward a balanced budget. The One Percent Spending Reduction Act also avoids the failings of past loophole-riddled spending cap plans, by ensuring that no federal programs, with the exception of interest payments on the national debt, are exempt from cuts.

NTU has long advocated for structural budget-process reforms to prevent a fiscal calamity. Accordingly, we continue to believe that a Balanced Budget Amendment to the Constitution is vital to ensuring that deficits are the exception rather than the norm. Nonetheless, the One Percent Spending Act is a valuable component of a comprehensive Cut, Cap and Balance approach that addresses our immediate needs for spending restraint as well as our enduring structural weaknesses. NTU is pleased to endorse this legislation and any roll call votes will be significantly weighted in our annual Rating of Congress.

Sincerely,

Brandon Greife
Federal Government Affairs Manager